

CPEC Optical Fiber Cable Systems Project: A Shift in Pakistani Security Methodology?

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SITUATION

Fresh budget allocations for IT sector by Government of Pakistan

On May 9, reports indicated attribution of PKR 1.214 billion (US\$ 8 million) by the Government of Pakistan (GoP) for the Information Technology and Telecom sector for the ongoing fiscal year 2018-2019 under the Public Sector Development Programme.

As per official sources, of the total amount, construction of the Cross Border Optical Fiber Cable System (CBOFCS) comprising land-based cables connecting China and Pakistan for International Connectivity of Voice/Data Traffic has been allocated PKR 52.790 million (US\$ 300,000 approx.) by the GoP in addition to PKR 425.000 million (US\$ 3 million approx.) by way of foreign aid from the Export-Import (EXIM) Bank of China in the form of a concessionary loan.

Current Status of the CBOFCS

Phase 1 of the CBOFCS was completed and inaugurated on July 13, 2018, by Pakistan's interim Prime Minister at the time, Nasir-ul-Mulk. Consequently, reports indicated that the cable was made active for commercial use in early February 2019. Phase 1 of the CBOFCS has been the only Information Technology and Telecom sector project under the China Pakistan Economic Corridor umbrella project, costing US\$ 44 million.

The aforementioned underground optical fiber cable covers the distance between Khunjerab Pass in China, along with the Karakoram range and Rawalpindi in Pakistan's Punjab province, covering 820 kilometers. The project reportedly includes a 172 km long ariel backup link between Karimabad to Khunjerab resulting in the cross-border connectivity between China and Pakistan. Furthermore, the optic cable connects Urumqi in China's northwestern Xinjiang province.

MAP DEPICTING CBOFCS PHASE 1 ROUTE



Source: China Pakistan Economic Corridor

Cables in Pakistan, comprising Phase 1 of the CBOFCS have been deployed and installed by Huawei Technologies Limited, a Chinese multinational telecommunications equipment manufacturer. The ownership of the optic cables is attributed to the Pakistani Special Communications Organisation. At the time of writing, vendors for the upcoming Phase 2 of the fiber optic cable in Pakistan remain unannounced.

Reports indicate that Phase 2 of the CBOFC project is slated to connect Rawalpindi to Gwadar, a port city located in Pakistan's southwestern Balochistan province.

Data Services Operators in Pakistan

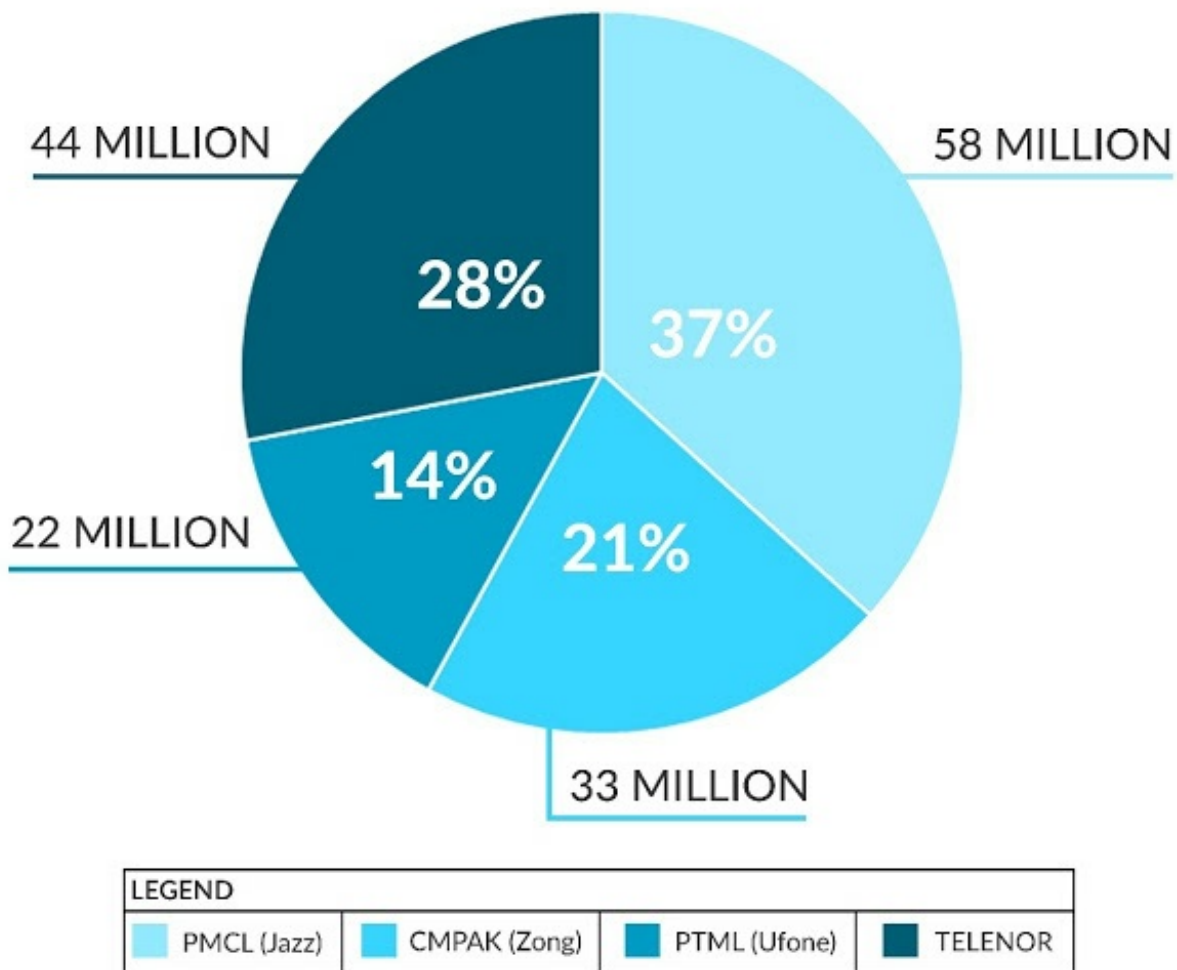
Telecom indicators provided by the Pakistan Telecommunication Authority point towards a significant subscription to Next Generation Mobile Services (3G/4G data services) provided by China Mobile Pakistan Limited (CMPAK)'s Zong company. Official

data suggests that as of March 2019, approximately 20 million individuals in Pakistan subscribe to data services provided by Zong. On the other hand, data services provided by Pakistan Mobile Communications Limited (PMCL)'s subsidiary, Jazz have approximately 22 million subscribers. PMCL is invested in and operated by companies based in the Netherlands, Egypt and United Arab Emirates.

Data further indicate Foreign Direct Investment in the Telecom industry stood at US\$ 288.49 million during the fiscal year 2017-2018. Additionally, revenue indicators suggest a generation of revenue of approximately PKR 488750 million (US\$ 3 billion).

Thus far, no direct acts of militancy against the construction of the CBOFC infrastructure in Pakistan have been recorded.

CHART DEPICTING MARKET SHARE (%) AND USERS (MILLION) IN NUMBERS OF TELECOM COMPANIES IN PAKISTAN



Source: Pakistan Telecom Authority

ASSESSMENTS

The possible security risk of construction of CBOFCS

It is understood that the recently attributed funds towards the Construction of the CBOFCS would be put towards the commencement of construction of the second phase of the project, towards the city of Gwadar. Given the sensitivities surrounding the projects for development in Gwadar and Balochistan province in general, it is possible that militant entities active in the province such as the Baloch Liberation Army, Balochistan Republican Army, and other allies may attempt to target construction installations and security outposts surrounding it in the province during the coming year. This assessment is made keeping in mind the Baloch nationalist groups' declaration of hostility against foreign, and particularly Chinese investments and presence in the province. Precedence also suggests intermittent attacks targeting foreign nationals as well as businesses in the region by the aforementioned Baloch separatist group.

Keeping in mind attacks against a coal mine in the province's Harnai district and the Pearl Continental Hotel in Gwadar on May 11 further reinforce the assessment that the group would likely attempt to target construction activities in the province during the coming years. That being said, during the attacks on May 11, casualties included members of the Pakistani security forces and local employees. This indicates towards the group's limited capability to execute an attack on a secured venue, as the intended foreign national targets remained unhurt. Thus, foreign businesses operating in the region may possibly be at risk in the face of attacks of the aforesaid nature.

Implications on the security situation in Pakistan

Although none have been associated with the project in question thus far, keeping in mind the potential for surveillance associated with telecom infrastructure and equipment provided by Huawei Technologies company, it is highly likely that intelligence agencies would utilize the aforementioned capabilities. The surveillance provisions may be used to intercept individuals attempting to disseminate content perceived as disruptive or militant in nature. Thus, the operability of the aforementioned project is understood to have significant potential implications on the security agencies in Pakistan in association with China.

The above understanding is bolstered against the Memorandum of Understanding between the Airlink Communication in Pakistan and Huawei Technologies Limited for the set up of a data cloud center in Pakistan.

Additionally, with ameliorated connectivity as a result of land-based fiber optical cables in Pakistan, it may become possible for security agencies to install additional surveillance equipment in public places towards a better identification of perpetrators of criminal and

militant activities.

Furthermore, in light of the Prevention of Electronic Crimes Act, 2016 in Pakistan, the GoP may have augmented control over operability of online communication networks during times of heightened civil unrest or militancy thus limiting or monitoring the circulation of perceived unfavorable content. During the coming years, the law may be used as a means to surveil or prevent the dissemination of false news stories by the GoP with the use of enhanced surveillance capability as a result of the CBOFCS.

WHAT NEXT?

During the coming months, separatist militant groups are likely to continue attacks against Chinese establishments for infrastructure development in the Balochistan province.

Pakistani security agencies may witness a shift in security intelligence mechanisms resulting in potentially augmented success in the deterrence of militants and anti-social elements in the country.

With the proceedings surrounding the Personal Data Protection Bill, 2018 in the Pakistani parliament, individual data, and data belonging to establishments are not expected to be at risk despite the potential for the same given the infrastructure.

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